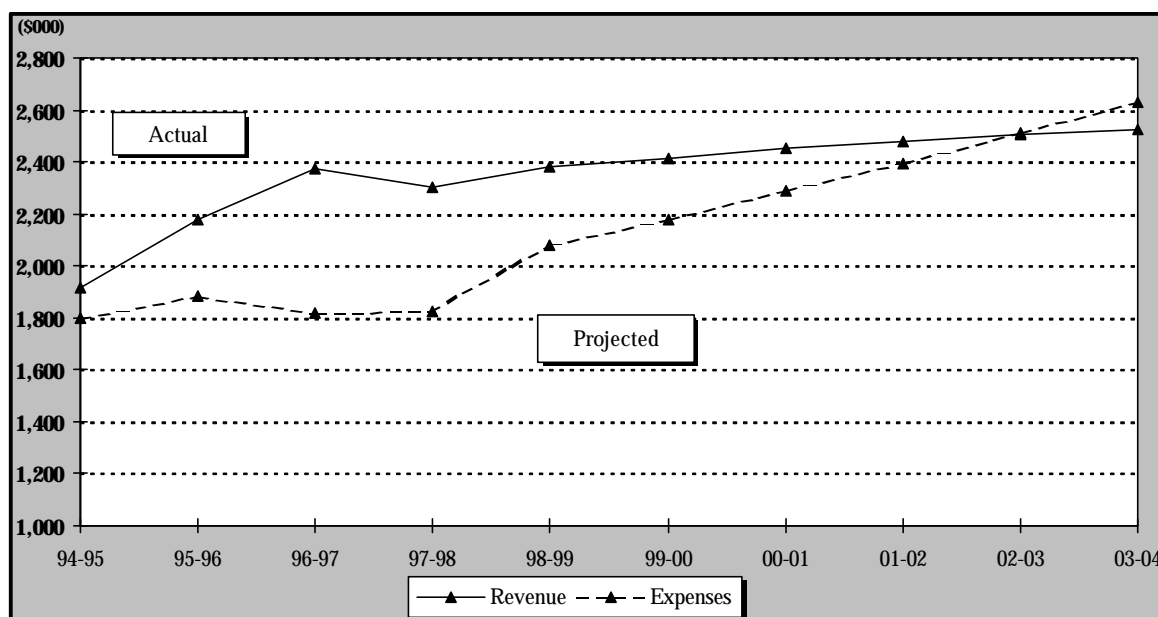




## Golf Fund: Projected Revenue and Expenses



	94/95	95/96	96/97	97/98	98/99	99/00	00/01	01/02	02/03	03/04
<b>Revenue (\$000)</b>										
Greens Fees	1,724	1,972	2,068	1,990	2,060	2,084	2,107	2,123	2,138	2,154
Pro Shop and Restaurant Revenue	187	201	262	243	250	253	256	258	260	261
Interest Income	2	1	27	63	73	80	90	100	110	110
Other Revenue Sources	1	2	17	7	0	0	0	0	0	0
<b>Total Revenue</b>	<b>1,914</b>	<b>2,177</b>	<b>2,374</b>	<b>2,302</b>	<b>2,383</b>	<b>2,417</b>	<b>2,453</b>	<b>2,480</b>	<b>2,508</b>	<b>2,526</b>
<b>Expenses (\$000)</b>										
Personal Services	784	800	826	792	879	937	994	1,051	1,113	1,177
Materials and Supplies	118	160	110	146	132	138	144	151	157	165
Fees and Services	284	354	305	296	366	381	397	414	431	450
Depreciation	257	261	265	279	333	350	367	385	405	425
Debt Service Interest	80	76	70	64	59	53	47	42	36	30
Internal Service Charges	102	108	116	96	123	128	134	140	146	153
Indirect Cost Allocations	174	125	126	151	187	195	204	213	223	233
<b>Total Expenses</b>	<b>1,799</b>	<b>1,884</b>	<b>1,818</b>	<b>1,824</b>	<b>2,079</b>	<b>2,181</b>	<b>2,287</b>	<b>2,395</b>	<b>2,510</b>	<b>2,632</b>
<b>Net Operating Surplus/(Deficit)</b>	<b>114</b>	<b>293</b>	<b>556</b>	<b>478</b>	<b>304</b>	<b>235</b>	<b>166</b>	<b>85</b>	<b>(2)</b>	<b>(106)</b>

Latest rate increase: \$1 per nine holes of play for non-residents implemented November 1996.

---

## **Fund Structure**

---

### **Description**

The Golf Fund is a self-supporting enterprise fund similar to the Water/Wastewater and Sanitation Funds, intended to recover all costs incurred through user charges. All activities necessary to provide such services are accounted for in this fund, including administration, operations, maintenance and debt service.

### **Major Services**

- Ken McDonald and Rolling Hills Golf Course Operations
- Pro Shops
- Restaurants

---

## **Revenue Structure**

---

Revenues from greens fees account for 85% of golf course revenues, with the balance derived from a share of pro shops and restaurant revenues.

### **■ Greens Fees**

Greens fees amount to \$2.1 million of the total Golf Fund revenues. Greens fees are set by the Council and were last revised in November 1996. An increase of \$1.00 per nine holes for non-residents in the Winter took effect November 1, 1996 at both Rolling Hills and Ken McDonald golf courses.

Total rounds in FY 1997-98 for Ken McDonald (9 and 18 holes) and Rolling Hills (9 holes) were 98,439 and 137,919 rounds respectively.

### **■ Pro Shop and Restaurant Revenue**

Pro shop revenues for Rolling Hills are paid to the City by the pro shop based on annual receipts. A minimum payment of \$42,000 a year is paid in advance or 10% of the gross annual receipts, depending on which is greater for the first 5 year term. The second 5 year term is \$46,000 or 11%, and the third 5 year term is \$50,000 or 12%. The restaurant concessionaire pays revenue of \$1,700 per month plus a 4% increase per year since July of 1987. During the first and second five year terms, pro shop revenues at Ken McDonald Golf Course are based on the greater sum of either \$10,000 a month, or the combined sum calculated annually of 20% of the gross cart rental revenues and 10% of the remaining gross receipts not including golf cart revenues. Restaurant revenue is paid to the City monthly, \$2,000 per month with a 3% increase per year thereafter.

---

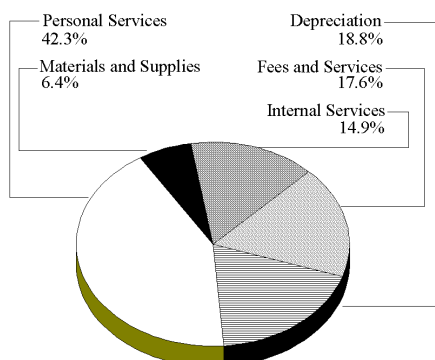
## **Expenditure Structure**

---

A review of Golf Fund expenditures reveals that Personal Services, Depreciation and Fees and Services represent the major expenditure areas. Together they account for 78.7% of total Golf Fund expenses. The remaining expenses include Internal Services (14.9%) and Materials and Supplies (6.4%).

### ■ Personal Services

Personal Services account for \$879,243 or 42.3% of FY 1998-99 budgeted expenses. Salaries and wages alone represent 80.5% of total Personal Services in FY 1998-99, with health insurance and FICA accounting for an additional 15.5%. The remainder is for retirement and other benefits.



### ■ Fees and Services

Budgeted expenses in this category account for 17.6% of total spending and are comprised primarily of funding for irrigation water and electricity.

### ■ Internal Services

Golf operation internal service costs are composed primarily of charges for vehicle maintenance and fuel.

### ■ All Other

Other major budgeted expenses include Depreciation (18.8%), Materials and Supplies (6.4%) and Debt Service Interest (2.8%).

## Summary

---

Golf Fund appropriations for FY 1998-99 are budgeted at \$1.9 million, an increase of 1.2% over FY 1997-98 expenses.

Revenues are expected to reach \$2.3 million in FY 1998-99. By financial policy, the City maintains an unrestricted optimum fund balance level of at least 10% of anticipated revenues. The FYE 1998 fund balance reserve was \$1,397,897 or 58.7% of estimated FY 1998-99 operating revenues.

## Trend/Forecast

---

Over the forecast period, we expect revenue growth to generally follow the rate of population growth, although other unpredictable factors such as weather conditions, may improve or worsen the revenue picture. Given our revenue assumptions, the Golf Fund could experience a deficit condition beginning in FY 2002-03, provided no rate adjustments are approved by the Council. As with the City's other self-supporting Enterprise operations, annual rate reviews will be conducted to maintain a favorable financial position in the Golf Fund.



---

## Unreserved Retained Earnings

---

There had been a steady decline in Golf Fund reserves over the last five years, with reserves falling from \$382,479 in FYE 89 to \$50,000 in FYE 95. This resulted from very slow growth in revenues while debt service interest, depreciation/replacement and internal services costs rose. This trend was reversed, at least in the short-term, in FY 1995-96 as increased rounds of play bolstered the reserve to over \$350,000. FY 1998-99 also proved to be an excellent year as the fund ended the year with an improved balance of \$1,397,897. This balance will provide some flexibility in funding current and future capital improvements.

FYE	Unreserved Fund Balance
89	\$382,479
90	482,619
91	346,301
92	345,712
93	139,693
94	54,780
95	50,000
96	351,158
97	896,542
98	1,397,897
99 est.	1,405,828